GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:345
ANSWERED ON:16.12.2005
AUTONOMY TO INSURANCE COMPANIES
Chaudhary Shri Pankaj;Yadav Shri Anirudh Prasad (Sadhu)

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to allow the Public Sector Insurance Companies to fix premia of various policies on their own with a view to freeing the insurance industry from Government control ;

(b) if so, the details thereof ;

(c) whether the Government proposes to give greater financial and functional autonomy to Public Sector Insurance Companies; and

(d)ifso, the details thereof ?

Answer

THE MINISTER OF FINANCE IN THE MINISTRY OF MINISTER (SHRI P. CHIDAMBARAM)

(a) to (d) : A Statement is laid on the Table of the House.

STATEMENT IN RESPECT OF LOK SABHA STARRED QUESTION NO.345 BY SHRI PANKAJ CHOWDHARY AND SHRI ANIRUDH PRASAD ALIAS SAPHU YADAV REGARDING AUTONOMY TO INSURANCE COMPANIES TO BE ANSWERED ON FRIDAY, THE 16 DECEMBER 2005

(a)&(b) : The Tariff Advisory Committee (TAC) constituted under Section 640` of the Insurance Act, 1938 controls and regulates the premium rates of the following categories of general insurance business.

I Fire Insurance

II. Motor Insurance

III.Engineering Insurance

IV. Workmen Compensation Insurance

In respect of other categories of business, insurance companies, both public and private, are free to decide their premium rates. However, IRDA has prepared a draft roadmap for de-tariffing all categories of general insurance business from 1st January,2007.

(c) & (d) : The public sector general insurance companies are registered under the Companies Act, 1956. They are companies run by their respective Boards and have sufficient financial and functional autonomy.